

STATE OF WISCONSIN  
DEPARTMENT OF HEALTH AND SOCIAL SERVICES  
DIVISION OF MANAGEMENT SERVICES  
BUREAU OF FISCAL SERVICES

ACCOUNTING PROCEDURE

TOPIC: Contract Administration 5.0	EFFECTIVE DATE: 3/22/91
TITLE: CARS Close-Out Procedures: Non-Municipal Contracts	REVISION DATE: 10/31/92
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**BACKGROUND**

This bulletin documents the Community Aids Reporting System (CARS) close-out procedures to assure that all organizations follow the same procedures and time frames as the Bureau of Fiscal Services (BFS). These procedures apply to all contracts (including tribes) paid through CARS but not to the Consolidated State/County contract and Child Support.

**POLICY**

1. Contracts with subcontractors (vendors) shall be closed timely in accordance with contract terms, department policy and program regulations. A contract is to be closed when the final expenditure report is received or on the due date of the final report, as specified in the contract, whichever is earlier.

Requests for extending the final report due date may be approved for up to 14 days by the Contract Administrator. Extensions beyond 14 days must be approved by the Director, Bureau of Fiscal Services. All requests and approvals shall be in writing.

2. Contracts shall contain language specifying the due date of the final report which shall not be greater than 90 days after end of the contract period.
3. Subcontractors (vendors) shall be notified prior to contracts being closed that the contracts are closing and final adjustments are due.
4. Contracts with subcontractors (vendors) shall be closed by reconciling reported expenditures to payments made, and paying out or recovering any monies due to or from the vendor.
5. Monies due the Department of Health and Social Services (DHSS) as a result of payments made in excess of allowable costs shall be refunded per the contract terms to the Department in accordance with close-out procedures. Generally, monies shall be recovered by reducing future payments to the subcontractor (vendor). Recovery shall first be against payments for any contracts related to the period being closed.

If there are not sufficient payments related to that period, recoveries may be made by reducing payments for any contacts for the current or future period claims.

6. It is the responsibility of the subcontractor (vendor) receiving payments from the Department to submit timely and accurate expenditure reports in accordance with reporting instructions. It is also the subcontractor's responsibility to verify that reported and reimbursed expenditures are supported by adequate documentation and are reconciled to their own accounting records on a timely basis.
7. Payments shall not be made on a contract after the contract has been closed. The contract is not considered closed until:  
  
! the time for filing a request for review during the time frame permitted for such action has elapsed under item #7 below or  
  
! if filed, until a determination of the request has been completed.
8. A system purge policy will be developed for removing data from the CARS data base and will be added to this document at a later time.

#### **PROCEDURES**

1. The subcontractor (agency) shall submit timely and accurate expenditures reports throughout the contract period in accordance with the reporting instructions provided by the contract administrator.
2. The CARS Unit shall include a letter with the DMS-CARS 603 report identifying contracts to be closed on a quarterly basis. The letter shall remind the organization of its responsibilities for accurate reporting. It shall also outline the procedure for requesting adjustments and the due date for filing a request for adjustment to the final report pursuant to item #7 below. An annual timetable for the close-out process is attached.
3. The subcontractor (agency) shall submit its final expense report to the CARS Unit within 90 days after the end of the contract unless the contract specifies a different time frame. Requests for up to 14 days additional time to file the final report may be made in writing to the Contract Administrator who will approve or disapprove the request in writing with concurrent notice to the CARS Unit. Extensions in excess of 14 days require the written approval of the Director, Bureau of Fiscal Services.
4. The final expenditure report shall clearly identify only the adjustments to be made to previously submitted expenses. The final report should not be an amended report for the last month of the contract but the Report Period should be the last month of the contract. The final report shall be clearly marked "FINAL." Final reports which are not prepared in accordance with reporting instructions may, at the option of the CARS Unit, be returned to the

subcontractor (agency). A transmittal letter, identifying the reason(s) will be prepared by the CARS Unit and shall be sent with the returned report.

5. The CARS unit will enter into the CARS system the information contained on the final report. The CARS Unit shall not be responsible for failure to enter report information received after the deadline. (See #3 above).
6. Monies due the Department as a result of payments made in excess of allowable costs shall be refunded per the contract terms to the Department in accordance with close-out procedures. Generally, monies shall be recovered by reducing future payments to the subcontractor (vendor). Recovery shall first be against payments for any contracts related to the period being closed. If there are not sufficient payments related to that period, recoveries may be made by reducing payments for any contacts for the current or future period claims.
7. A subcontractor (agency) desiring an adjustment to the final report shall submit a written request and justification to the CARS unit within 30 days of receipt of the letter in 2 above. The requested adjustments shall be reported on the normal CARS Expenditure Report for the contract being closed, in accordance with reporting instructions. A brief justification shall be attached, identifying the reason(s) for the adjustment. Acceptable reasons for adjustments include but are not limited to: CARS Unit keying errors, rounding adjustments, over-reported expenses, and transfers of previously reported expenses between programs. All pages of the request shall be clearly marked as "Adjustment Request" in red in the upper right hand corner.

The CARS unit shall review the justification and consult with the Program Division who may also recommend approval/denial of the request to adjust the reported expenditures or other data to the Director of the Bureau of Fiscal Services. The Director of the Bureau of Fiscal Services shall give consideration to the recommendations of the CARS Unit and Program Division in making his decision.

8. Adjustments reported to the CARS Unit after contract close-out which result in monies due the Department of Health and Social Services shall be accepted regardless of the reason for the delay in reporting. The monies due the Department shall be remitted by the subcontractor (vendor) to the Department within 30 days of the determination of the amount to be repaid. If the adjustments are identified as part of an audit, the amount to be repaid shall be determined during the audit resolution process. Repayments to the department not remitted as indicated above may be recouped from future payments of new or current contracts.
9. After a contract is closed, no additional transactions shall be posted to the related CARS line(s) without the approval of the Director, Bureau of Fiscal Services.

10. A annual timetable is attached to illustrate the timing of the close-out procedures.

**ATTACHMENT**

Contract Close-out Schedule

**CONTACT PERSON**

Mary Claridge, Accountant  
Bureau of Fiscal Services  
(608) 267-3902

# CONTRACT CLOSEOUT SCHEDULE

<u>CONTRACT END DATE</u>	<u>JAN-MAR</u>	<u>APR-JUN</u>	<u>JUL-SEP</u>	<u>OCT-DEC</u>
Expense Report Due for Last Month of Contract	04/30	07/31	10/31	01/31
Final Expense Report due (<=90 days after end date)	06/30	09/30	12/31	03/31
Close-out Notice and 603 Report with Final Expense Report Processed	08/01	11/01	02/01	05/01
Adjustment Request Due	08/31	12/01	03/02	05/31
Final DMS-CARS 603 Report Final Adjustments Processed	10/01	01/01	04/01	07/01

All dates are illustrative and are assumed to fall on business days.